

7. Financial Analysis

Using the ECONorthwest financial data from prior sections, this section evaluates the TVRC operating and capital costs to assess financial feasibility and sustainability over a five-year period.

Capital Costs

The capital to purchase and construct the facility will be provided by ODOT's Keep Oregon Moving funds, as allocated by House Bill 2017. These funds are only available for capital costs and will not be used for operating costs. The funds will be used to purchase the site land; prepare it for construction; construct the rail lines, switches, and infrastructure; construct the office; pave and stripe the parking lot; and purchase equipment and machinery. The funds will also cover "soft construction costs," including architecture, engineering, legal, and accounting. Figure 22 lists the estimated capital costs.

Figure 22. Estimated Capital Costs for Constructing the TVRC

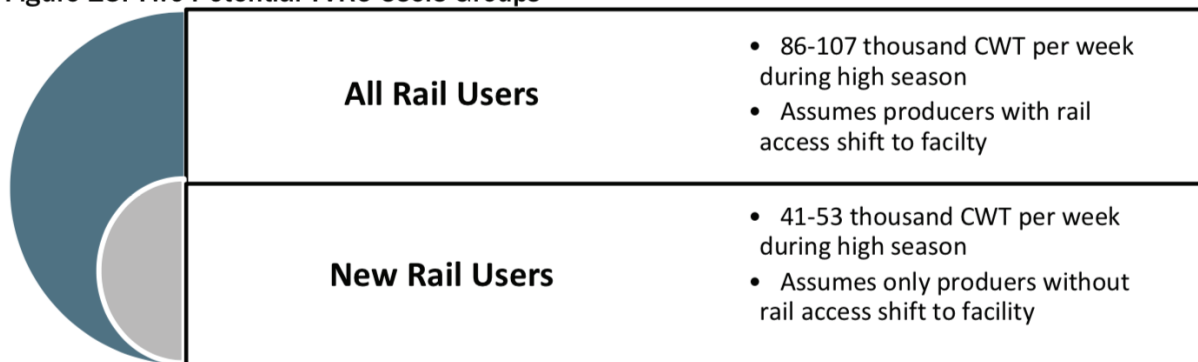
Cost Category	Estimate
Land Acquisition	\$1,600,000
Design Engineering	\$1,196,000
Permitting/Management/Miscellaneous	\$455,000
Site Roadways, Layout, Parking, Utilities, Stormwater, Wetland Mitigation	\$4,380,000
Reload Building	\$6,758,000
Rail Improvements	\$10,020,000
Water Extension from City of Nyssa	\$1,283,000
Exterior Road Improvements	\$308,000
Total Estimated Project Cost	\$26,000,000

Source: Malheur County Development Corporation

Operating Model

As the demand estimates show, there are two levels of potential use of the facility. Either all producers, including those that currently have rail access, shift to the facility, or only those producers who currently do not have rail access will shift to the facility. Figure 23 below demonstrates these groups. This analysis is performed on the assumption that all onion rail shipments in the Treasure Valley will pass through this facility.

Figure 23. Two Potential TVRC Users Groups



Data is sourced from the Bureau of Labor Statistics, internet research, interviews with experts, and from the proposed operations manager of the facility who manages a similar reload facility in Boardman, Oregon. The following assumptions are employed across a five-year time frame and three-year build-out:

- The facility operates five days a week. Shifts are eight hours long.
- Overtime shifts are four hours.